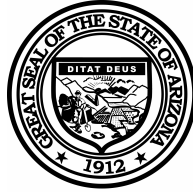


# Office of Attorney General Terry Goddard



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## **Terry Goddard Charges Wal-Mart, AutoZone with Consumer Fraud**

(Phoenix, Ariz. – July 6, 2006) Attorney General Terry Goddard announced that his office filed consumer fraud lawsuits today against AutoZone and Wal-Mart for their continued failure to correct pricing violations at their stores across Arizona.

Both retailers have been consistently cited by the Arizona Department of Weights and Measures (DWM) during the past five years for discrepancies between posted prices and checkout prices and for failing to post shelf prices on many products. Both companies have not contested the violations and have paid substantial fines, but both have yet to eliminate the pricing problems.

“Price accuracy is a fundamental consumer right which these companies have repeatedly abused,” Goddard said. “The state has made every effort to work with both of these retailers to no avail. When retailers fail to post and scan correct prices, there is no reasonable way for Arizona consumers to comparison shop. Shopping should not be a game of chance.”

Each year the Department of Weights and Measures sends inspectors to retailers throughout Arizona to verify that prices are posted and that shelf prices match checkout prices. Violations occur when a store exceeds a 2 percent error rate. Over the past five years, both AutoZone and Wal-Mart failed more than half of the inspections and continue to violate the state Consumer Fraud Act.

The lawsuits allege that the violations of both companies involve more than scanning overcharges at the cash register. They also include the failure to post prices for many products. When prices are not posted on the shelf, consumers are unable to compare prices or to know if they are accurately charged when they check out.

“AutoZone and Wal-Mart evidently see paying fines as the cost of doing business rather than making the effort to correct the problem,” Goddard said. “Consumers have a legal right to know the accurate price of a product when they shop. These companies have consistently failed to comply with the law.”

Since 2001, DWM has conducted 846 inspections of AutoZone stores throughout Arizona and failed 426. The violations included 190 for not posting prices and 236 for scanning overcharges. The repeated violations were not limited to one store, one city or one region in Arizona. DWM inspectors provided store managers with written inspection reports outlining the violations.

DWM also sent 220 Notice of Violation letters to AutoZone's corporate offices in Memphis identifying the violations, store locations and dates of inspection. During this time, AutoZone was fined more than \$170,000 and continues to violate the law.

Since 2001, DWM has conducted 976 inspections of Wal-Mart stores throughout Arizona to determine compliance with Arizona law. The retailer failed a total of 526 DWM inspections, which included 366 price-posting violations and 160 price-scanning overcharges. The repeated violations were not limited to one store, one city or one region in Arizona.

DWM inspectors provided store managers with written inspection reports outlining the violations. DWM also has sent 260 letters to Wal-Mart at its corporate offices in Arkansas identifying the violations, store locations and dates of inspection. During this time, Wal-Mart has paid more than \$450,000 in fines and continues to violate the law.

After being notified of these violations, both Wal-Mart and AutoZone were given opportunities to fix the problems. Both retailers, however, failed multiple re-inspections which led to additional fines.

AutoZone has been listed as one of the top 10 "Needs Most Improvement" companies on the annual DWM Price Verification Survey released to the public in 2003, 2004 and 2005.

Wal-Mart, the largest retailer in Arizona, has the highest number of price-posting violations in the state. The \$450,000 in civil fines is also the most assessed against any retailer for pricing violations.

"Wal-Mart has tried to defend its inaccurate pricing by saying that while some customers are overcharged, others are undercharged," Goddard said. "It is not a defense to say we only defraud some of our customers some of the time."

Arizona is not the only state where Wal-Mart's pricing has come under legal scrutiny. Earlier this year in Michigan, the company agreed to a record \$1.5 million settlement to resolve claims that it committed repeated pricing violations. In Connecticut, the state Attorney General announced last November an investigation based on a national study that showed discrepancies between Wal-Mart's posted prices and scanned prices that far exceeded the 2 percent error rate.

The lawsuits were filed in Maricopa County Superior Court.

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